



EXHIBIT B

PROPOSAL INSTRUCTIONS AND SELECTION CRITERIA

I. Proposal Delivery/Submission:

A. Due Date: The date for the Authority's receipt of the proposals responding to this Request for Proposal ("RFP") must be no later than **June 10, 2011**, at 4:00 p.m. E.D.T.

B. Originals and Copies: Submit one (1) original and nine (9) copies of a proposal to provide the services described in Exhibit A (Scope of Work).

C. Delivery of Proposal: The address for the hand delivery or commercial overnight service of proposals is as follows:

Michigan State Housing Development Authority
Attn: Peter Karsten
735 E. Michigan Avenue
Lansing, MI 48912

D. Selection of Proposal: The top scoring Contractor(s) will be notified the week of July 4, 2011. Top scorers will be required to make an oral presentation, including a question and answer period, the week of July 25, 2011. The presentation will be approximately two hours and be held at:

Michigan State Housing Development Authority
735 E. Michigan Avenue
Lansing, MI 48912

The Authority shall bear no cost for the time and travel of the Contractors' attendance at this meeting.

II. Signature Clause to be Signed by Authorized Signatory of Firm:

Insert the following signature clause at the end of the proposal and have an authorized signatory of the firm sign it:

I confirm that I have submitted this proposal on behalf of (INSERT NAME OF FIRM) in response to the Michigan State Housing Development Authority's Request for Proposals for the Sub-Servicing of the Single Family Mortgage Loan Portfolio.

By:_____

Its:_____

Date:_____

III. Selection of Proposal:

A. Price Proposal: All rates quoted in proposals submitted in response to this RFP will be firm for the duration of the contract. No price changes will be permitted.

B. Selection Criteria: The Authority will select the proposal based on the criteria listed below:

Provide the following information:

- Experience with loans of \$70,000 or less
 - Percentage of loans (based on number of loans) with original principal balances of \$70,000 or less
- Familiarity with Section 143 of the Internal Revenue Code
 - Percentage of tax-exempt-bond-financed loans (based on number of loans) in portfolio (This figure may be for any time during the past seven years)
- Delinquency ratio
 - Percentage of applicable MBA delinquency rate.
- Number of office(s) in Michigan
- Number of non-amortizing (i.e., no payments due) second mortgage loans serviced as a percentage of number of first mortgage loans serviced
- Audit Reports
 - Provide three years of annual audited financial statements, as well as the most recent year-to-date statements which may be unaudited, if that is all that is available. Also provide the results

- Strength of organization's personnel
 - Provide the names and biographies of manager of principal servicing divisions such as; Collections/Default, Escrows, Cashiering, Loss Mitigation, Investor Accounting, New Loan Setup, Customer Service, Claims, etc. Also provide the number of employees in each division and the average years of experience
- Loans per servicing FTE
- References, including contact information

Information that must be submitted (in addition to materials described in Section II – Required Qualifications):

- List of Subcontractors and fees
- Dollar amount of current portfolio
- Number of loans in current portfolio
- Detailed fee structure – Must include at a minimum the fees for:
 - Initial Conversion
 - Monthly Subservicing for fixed rate loans, step loans and DPA loans
 - New Loans Added (on a flow basis)
 - Disposition of REO properties

If the fees will vary based upon the number of loans that will be subserviced, this must be disclosed and the fee structure(s) must be provided.

The fee structure may be based either on a percentage of the outstanding balance of loans serviced or on a "per loan" basis. If more than one Contractor that uses a percentage calculation is a successful bidder, all percentage bidders will be required to accept the percentage of the lowest successful percentage bidder.

FEE EXAMPLE

Please calculate what your fees would be for a month in which the following facts are true. Assume that none of the categories overlap, e.g., loans that are 30 days delinquent do not include loans that are 30 days delinquent and in bankruptcy. The DPA loans are additional loans, but they are associated with an accompanying first mortgage. They are non-interest bearing and non-amortizing, with no payments due. The step loans are loans on which the interest rate increases by 1% on the three-year anniversary of the date the first payment on

the loan was due. In addition to showing what your total fee would be, please show how the fee was calculated.

Type of loan	Number of loans	Total outstanding principal (In dollars)
30-year fixed-rate, current	12,804	951,132,000
Step loans	261	17,949,000
In foreclosure	846	37,444,000
Totals	13,911	1,006,525,000
<i>The above totals include the following:</i>		
<i>30 days delinquent</i>	769	50,472,000
<i>60 days delinquent</i>	310	21,634,000
<i>90+ days delinquent</i>	652	46,461,000
<i>30 days delinquent, in bankruptcy</i>	39	2,432,000
<i>60 days delinquent, in bankruptcy</i>	17	1,127,000
<i>90+ days delinquent, in bankruptcy</i>	88	5,680,000
DPA loans	3,009	16,484,000
New loans added this month	61	3,847,000
Loans paid off this month	32	2,475,000

Cancellation of Selected Proposal: The selection of a proposal by the Authority may be cancelled at any time prior to the complete execution of a contract. If the Authority cancels its selection of a proposal, the Authority may repost this or a similar RFP and re-seek proposals.